

PUBLIC DISCLOSURE

SEPTEMBER 17, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CAPE COD FIVE CENTS SAVINGS BANK

CERT # 23287

532 MAIN STREET

HARWICHPORT, MA 02646

**Division of Banks
1000 Washington Street
Boston, MA 02118**

**Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
New York, NY 10118**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Cape Cod Five Cents Savings Bank (“Cape Cod 5” or the “Bank”)**, prepared by the Division and FDIC, the institution's supervisory agencies as of September 17, 2010. The Division and the FDIC evaluate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC's Rules and Regulations, respectively.

INSTITUTION'S CRA RATING: This institution is rated “Outstanding”

An institution in this group has an excellent record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The following table indicates the performance level of Cape Cod Five Cents Savings Bank with respect to the Lending, Investment, and Service Tests.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

PERFORMANCE TESTS Cape Cod Five Cents Savings Bank			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Satisfactory**			
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

**Note: FDIC rules and regulations stipulate use of a high satisfactory and low satisfactory rating for the three tests. For purposes of this jointly issued public evaluation, the term “satisfactory” will be used in lieu of the “low satisfactory” rating for the lending, investment, and service test ratings.

LENDING TEST

The Lending Test is rated “Outstanding” based on the following:

Lending levels reflect an excellent responsiveness to the assessment area’s credit needs. According to a 2008 market share report, Cape Cod 5 captured 10.7 percent of this market and was ranked first out of 410 lenders. When ranked by total dollar volume for business loans, Cape Cod 5 ranked second among the reporting lenders. A substantial majority of the home mortgage and small business loans were originated within the assessment area. The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration to low- and moderate-income borrowers and business customers with annual revenues of \$1 million or less. The Bank makes extensive use of innovative and flexible-lending practices in order to serve the assessment area’s credit needs, as reflected in the excellent penetration to borrowers of different income levels. The geographic distribution of loans shows an adequate penetration for residential lending and a good distribution for small business lending. However, the number of low- and moderate-income census tracts represent only 14 percent of the total geographies in the assessment area. Cape Cod 5 has made a relatively high level of community development loans.

INVESTMENT TEST

The Investment Test is rated “High Satisfactory” based on the following:

Qualified Investments – The level of qualified community development investments and the degree of innovativeness and complexity of those investments are good considering the size and financial condition of the Bank.

Qualified Donations – The Bank also demonstrated a commitment to the community by providing a good level of qualified donations to community organizations. Overall, total qualified CRA donations were \$690,969 or 29.4 percent of total contributions of \$2,349,814.

SERVICE TEST

The Service Test is rated “Outstanding” based on the following:

Retail Banking Services – A review of the Bank’s retail and community development services revealed that Cape Cod 5 is doing an excellent job of meeting the service needs of its assessment area. Retail banking services are readily accessible to all portions of the assessment area, including low- and moderate-income areas and to individuals of different income levels and businesses of different sizes. Branch hours are convenient and comparable to other institutions and bank services are more than sufficient to meet the financial service needs of the assessment area.

Community Development Services – Cape Cod 5's community development services are considered excellent. In addition, the Bank sponsors several educational seminars and programs which promotes affordable housing, provides community services targeted to low- and moderate-income individuals, and promotes economic development in its assessment area.

DESCRIPTION OF INSTITUTION:

Incorporated in March 1855, Cape Cod 5 is a state chartered mutual savings bank. Cape Cod 5 maintains its corporate headquarters at 532 Main Street in Harwichport. The Bank offers products and services through its main office in Harwichport and 13 full-service branch offices located in Brewster, Centerville, Chatham, Eastham, East Harwich, Falmouth, Hyannis, Mashpee, Orleans, Sandwich, South Dennis, Wellfleet and Yarmouth. The Bank also operates an operations center in Orleans. The South Dennis branch is the most recent addition to the branch network having opened since the prior CRA evaluation of June 11, 2007. Automated Teller Machines (ATM) are located in each banking office. One remote ATM is located at the Cape Cod Regional High School and is available to the public.

As of June 30, 2010, the Bank's assets totaled \$1.9 billion of which \$1.4 billion or 70.9 percent, represented total loans. Since the previous examination dated June 11, 2007, the asset size of the institution increased approximately \$297 million or 17.8 percent to its current level.

The Bank's ability to support the current lending levels is reflected in its average net-loan-to-deposit ratio. For the same time period, June 30, 2007 through June 30, 2010, the average net loan-to-deposit ratio was 85.4 percent. The Bank's loan-to-deposits have fluctuated from a high of 91.8 percent in March 2008 to a low of 78.8 percent in June 2009. Net loans grew approximately 9.8 percent, while the Bank's deposit base increased 19.5 percent.

Table 1		
Loan Distribution as of June 30, 2010		
Loan Type	Dollar Amount (000's)	Percent of Total Loans
Construction and Land Development	71,263	5.1
1-4 Family Residential	951,188	67.7
Commercial	277,792	19.8
Farmlands	266	0.0
Total Real Estate Loans	1,300,509	92.6
Agricultural/other loans to farmers	1,258	0.1
Commercial and Industrial	100,154	7.1
Consumer	1,901	0.2
Other	655	0.0
Total Loans	1,404,477	100.0
<i>SOURCE: Report of Condition and Income (Call Reports)</i>		

As the data in Table 1 shows, the Bank is predominantly a real estate lender with 92.6 percent of the Bank's loan portfolio. The greatest share of the real estate loan portfolio is secured by one-to-four family residences. These loans include closed-end mortgage loans (including junior liens), as well as revolving open end loans. Commercial real estate lending also plays a significant role in the Bank's lending strategy, with 19.8

percent of the loan portfolio. The commercial real estate loans are typically collateralized by the properties used for the borrowers' businesses, such as small office buildings, warehouses, and retail facilities. Other miscellaneous forms of credit comprise the balance of the loan portfolio.

Cape Cod 5 sells mortgage loans to other financial institutions and private investors. During the review period, the Bank sold 4,951 loans totaling approximately \$1.1 billion. Selling loans not only permits the Bank to better manage its interest rate risk, but also allows the Bank to originate a greater volume of loans than would otherwise be possible.

The Bank's CRA performance was last evaluated by the Division and FDIC on June 11, 2007 and was rated "Outstanding." There are no significant financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area. Based upon the Bank's asset size, product offerings, and branch network, its ability to meet the assessment area's credit needs remains strong.

DESCRIPTION OF ASSESSMENT AREA:

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. Cape Cod 5's assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

The Bank's assessment area contains the following towns in Barnstable County: Barnstable, Bourne, Brewster, Chatham, Dennis, Eastham, Falmouth, Harwich, Mashpee, Orleans, Provincetown, Sandwich, Truro, Wellfleet and Yarmouth. The town of Barnstable consists of seven villages (Barnstable Village, Centerville, Cotuit, Hyannis, Marston Mills, Osterville and West Barnstable). All of these towns are located in the Barnstable, Massachusetts Metropolitan Statistical Area (MSA), known as Cape Cod. The assessment area as currently defined meets the technical requirements of the regulation as it includes whole geographies and does not arbitrarily exclude low- or moderate-income areas or expand beyond state boundaries.

Refer to Table 2 for pertinent demographic information concerning the assessment area.

Although Cape Cod has a year-round population of 222,230, it experiences a tourist season each summer, the beginning and end of which can be roughly approximated as Memorial Day and Labor Day, respectively. Many businesses are specifically targeted to summer visitors, and close during the eight to nine months of the "off season," although the "on season" has been expanding somewhat in recent years due to weather

changes, reduced lodging rates, and the number of people visiting the Cape after Labor Day who have no school-age children, and the elderly, reducing the true "off season" to six or seven months.

Table 2 Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	50	4.0	10.0	70.0	16.0
Population by Geography	222,230	1.6	7.2	76.2	15.0
Owner-Occupied Housing by Geography	73,783	0.4	5.2	78.2	16.2
Business by Geography	24,561	7.9	9.1	68.4	14.6
Family Distribution by Income Level	61,313	17.3	19.4	24.0	39.3
Distribution of Low and Moderate Income Families throughout AA Geographies	4,249	33.2	23.7	20.4	22.7
Median Family Income		55,977	Median Housing Value Unemployment Rate (2000 US Census) *August, 2010 Bureau of Labor Statistics		\$189,997
HUD Adjusted Median Family Income for 2008		73,500			5.1%
HUD Adjusted Median Family Income for 2010		75,300			
Households Below Poverty Level		7.0%			*8.8%
Families Below Poverty Level		4.6%			

Source: 2000 US Census, 2008 and 2010 HUD updated MFI, 2008 Business Geodemographic Data

As the data in Table 2 shows, the Bank's assessment area is comprised of 50 census tracts. The assessment area contains 2 tracts (4.0 percent) that are classified as low-income, 5 tracts (10.0 percent) that are classified as moderate-income, 35 tracts (70.0 percent) that are classified as middle-income and 8 tracts (16.0 percent) that are classified as upper-income. The 2 low-income census tracts are located in Barnstable in the village of Hyannis. The towns of Barnstable (Hyannis); Dennis; and Provincetown each have one moderate-income census tract while the town of Bourne has 2 moderate-income census tracts.

The assessment area consists of 147,083 total housing units, of which 73,783 or 50.2 percent are owner-occupied, 21,039 or 14.3 percent are rental units and 52,261 or 35.5 percent are vacant units. The large percentage of vacant units is partly due to the fact that many properties are second homes owned for seasonal purposes. Of the 73,783 owner-occupied housing units, 328 or 0.4 percent are in the low-income census tracts while 3,828 or 5.2 percent are in moderate-income census tracts. The median housing value in 2000 for the assessment area was \$189,997, and the median age of the housing stock was 26 years. Recent figures from the Warren Group show that the area's median home prices in 2009 ranged from a low of \$183,000 in Hyannis to \$495,000 in Truro. As of August 2010, the median price ranged from \$194,000 in Hyannis to \$658,183 in Truro. Regardless of the census tract category in which they are located, low- and moderate-income families represent approximately 33.2 percent and 23.7 percent, respectively, of all families within the Bank's assessment area. A closer look at the households in the assessment area reveals that 7.0 percent have income levels below the poverty level and 1.8 percent of households receive some form of public assistance. This poverty rate typically indicates a reduced ability to secure a mortgage loan, thereby reducing a financial institution's ability to penetrate these markets through residential loan products.

Data obtained from the 2008 Business Geo-demographic Data show that there are 24,561 businesses in the assessment area, of which 69.3 percent have gross annual revenues of \$1 million or less, 4.0 percent have gross annual revenues greater than \$1 million, and the remaining 26.7 percent have unknown revenues. Of total businesses in the assessment area, 7.9 percent are in low-income census tracts, 9.1 percent are in moderate-income census tracts, 68.4 percent are in middle-income tracts, and 14.6 percent are in upper-income tracts. The highest proportion of these business establishments are engaged in the services industry (35.0 percent). Businesses involved in retail trade (17.3 percent), non-classifiable establishments (16.3 percent) and construction (10.3 percent) make up a significant share of the establishments. In terms of employees, approximately 62.2 percent of the area's businesses employ four or fewer people. Included among the largest employers in the assessment area are Cape Cod Healthcare, Woods Hole Oceanographic, Air National Guard and Nantucket Airlines Administrative.

The unemployment rate statewide for Massachusetts is 8.8 percent according to August 2010 statistics gathered from the Bureau of Labor Statistics. This represents a significant increase as compared to the annual percentage of 2008 and 2009, where the unemployment rate in Massachusetts was 5.3 percent and 8.4 percent, respectively. As of August 2010, the unemployment statistics for some of the towns in the assessment area per the Massachusetts Labor and Workforce Development were: Bourne 8.6 percent, Yarmouth 7.5 percent, Harwich 7.0 percent, Mashpee 6.7 percent, Orleans 6.6 percent, Chatham 5.8 percent and Wellfleet 5.4 percent.

Cape Cod 5 operates in a competitive market area in terms of financial services. The Bank competes for loan volume with many commercial banks, savings banks, credit unions, and mortgage lenders that operate in the area. Among the more prominent mortgage lenders competing with the Bank are JP Morgan Chase Bank, Bank of America, US Bank and Cape Cod Cooperative Bank. According to a 2008 market share report, Cape Cod 5 captured 10.7 percent of this market and was ranked first out of 410 lenders.

Community Contact

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the general banking needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and service needs of the communities, and what further opportunities, if any, are available. For purposes of this evaluation, two contacts were made at two local housing authorities, whose primary purpose is to provide housing to low- and moderate- income individuals. The first contact stated many individuals are "house rich and cash poor" and, over the last few years, many elderly individuals are finding it more difficult to afford the increase in taxes on their properties. The second contact stated that the Cape's economy is primarily jobs in the service area that do not produce high wages, forcing individuals to work two or three jobs to meet the basic standard of living. The second contact also stated "younger" individuals with families cannot afford to live on the Cape, due to the high cost of living. The younger population is moving off Cape. Both contacts stated that local institutions should be more involved with providing individuals with affordable mortgages.

Overall, both contacts were pleased with the responsiveness of the local banks to the areas credit needs. Both contacts did note the need for more small business loans.

Based on the area's demographics and the insights gained through discussions with management and the community contacts, the assessment area has no one primary credit need. The area's residents need a variety of retail loan products to meet personal needs and an array of home financing programs for the purchase, construction, improvement, or refinance of a residence. The area's business base also requires numerous commercial credit options to meet a wide variety of financing purposes.

SCOPE OF THE EXAMINATION

Large Bank CRA examination procedures were used to evaluate Cape Cod 5's CRA performance. The Large Bank CRA examination procedures evaluate the Bank's CRA performance pursuant to three tests: Lending, Investment, and Services. The CRA evaluation considered activity from June 12, 2007 through September 20, 2010. The applicable timeframes for the loan product line reviews are described in the paragraphs that follow.

As reflected in the June 2010 Call Report data, Cape Cod 5 is primarily a residential lender, with one- to four-family and multifamily loans representing 67.7 percent of the Bank's lending portfolio. Commercial lending, including commercial and industrial loans and loans secured by commercial real estate, represents 26.7 percent of the Bank's loan portfolio, and is another significant key to the Bank's lending strategy. Therefore, residential loans, derived from data collected in accordance with the Home Mortgage Disclosure Act ("HMDA") and small business loans (CRA data) originated between January 1, 2008, and December 31, 2009, were included in this analysis. Greater emphasis is placed on the Bank's residential lending performance because it remains the Bank's primary lending category. Consumer loans were not analyzed as part of this evaluation as these loans do not constitute a substantial portion of the Bank's loan portfolio. Farm loans were also not considered as the Bank only made a very small amount of loans in agricultural lending.

The CRA evaluation also reviewed community development loans, innovative or flexible loans, grants, and services for the period June 12, 2007 through September 20, 2010. Qualified community development equity investments and deposits held by the Bank were also included regardless of investment date as long as they were reportable on the bank's balance sheet during the evaluation period. The investments were valued at the June 30, 2010 book value.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The Lending Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: (1) the volume of lending activity; (2) the proportion of lending within the assessment area(s); (3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); (4) the distribution of loans among low-, moderate-, middle- and upper-income borrowers and businesses of different sizes; (5) the distribution of small business and small farm loans by loan amount at origination; (6) the volume of community development lending; and (7) the use of innovative or flexible lending practices. Performance under the Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

Lending Activity

Cape Cod 5's lending activity reflects an excellent responsiveness to the assessment area's credit needs. The Bank actively originates home mortgage, small business, and community development loans in its assessment area.

Home Loans

In 2008, Cape Cod 5 originated 1,309 home mortgage loans totaling \$359 million in the assessment area. Home purchase and refinancing loans represented the primary focus of the Bank's home mortgage lending and comprised 44.2 percent and 41.7 percent, respectively, of the total number of loans. The Bank's homebuyer programs and its active participation in the MassHousing programs have permitted the Bank to generate a substantial number of home purchase loans. Home improvement loans accounted for 14.1 percent of the remaining number of loans.

Market rank data for 2008 provides additional insight into the Bank's volume of home mortgage lending. In 2008, Cape Cod 5 ranked first among the 410 HMDA reporting lenders that originated home loans in the assessment area. The Bank had 1,309 loan originations for a 10.7 percent market share.

In 2009, the total number of home loans inside the assessment area increased 46.0 percent compared to the prior year. This increase in the volume of lending was mainly due to low interest rates that have increased the demand for refinance loans. In 2009, refinance loans were 66.9 percent of the loans, followed by home purchase loans of 22.5 percent and home improvement loans at 10.6 percent.

Year to date in 2010, the Bank has originated 863 loans inside the assessment area. Refinance loans are 51.9 percent, home purchase loans are 38.7 percent and home improvement loans represent 9.4 percent of the Bank's HMDA reportable loans.

Small Business Loans

In 2008, Cape Cod 5 reported 345 small business loans totaling \$52.8 million in its assessment area. Small business loans are originated for a variety of business purposes such as working capital, business expansion, equipment purchases, and the purchase or refinance of commercial real estate.

Market rank data for 2008 provides additional insight into the Bank's volume of small business lending. In 2008, Cape Cod 5 ranked ninth among the 51 reporting lenders that originated small business loans in the counties that comprise the Bank's assessment area. Many of the lenders ranked higher than Cape Cod 5 were credit card banks that originated numerous credit lines in small dollar amounts. When ranked by total dollar volume, Cape Cod 5's standing improved to second among the reporting lenders.

In 2009, the number of small business loans decreased in both number and dollars compared to the prior year. For YTD 2010, the loan volume is on track to finish lower than the prior two years. The current weaknesses in the nation's economy has slowed business expansion and decreased the demand for equipment purchases and other expenditures.

Lending Within the Assessment Area

This performance criterion determines what percentage of the Bank's lending occurs within the assessment area and evaluates its appropriateness. The distribution of loans by number bears more weight on the Bank's rating than the distribution by dollar amount, because the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans. Based on a review of the home loan and small business loan data, 95.4 percent of the Bank's lending activity occurs within the assessment area.

Refer to Table 3 for specific information concerning the distribution of loans inside and outside the assessment area.

Table 3
Distribution of Loans Inside and Outside of Assessment Area

Loan Category	Number Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000s)	%	\$(000s)	%	
2008										
Home Purchase	579	92.6	46	7.4	625	176,267	93.2	12,950	6.8	189,217
Refinance	546	95.3	27	4.7	573	147,455	94.4	8,829	5.6	156,284
Home Improvement	184	97.9	4	2.1	188	35,640	93.3	2,575	6.7	38,215
Total	1,309	94.4	77	5.6	1,386	359,362	93.7	24,354	6.3	383,716
2009										
Home Purchase	640	93.2	47	6.8	687	188,109	93.4	13,264	6.6	201,373
Refinance	1,905	95.4	93	4.6	1,998	487,313	95.0	25,387	5.0	512,700
Home Improvement	301	97.7	7	2.3	308	56,839	96.7	1,938	3.3	58,777
Total	2,846	95.1	147	4.9	2,993	732,261	94.8	40,589	5.2	772,850
YTD 2010										
Home Purchase	334	94.1	21	5.9	355	99,844	94.1	6,293	5.9	106,137
Refinance	448	95.9	19	4.1	467	123,565	93.9	8,036	6.1	131,601
Home Improvement	81	98.8	1	1.2	82	18,550	95.1	950	4.9	19,500
Total	863	95.5	41	4.5	904	241,959	94.1	15,279	5.9	257,238
Total Home Loan	5,018	95.0	265	5.0	5,283	1,333,582	94.3	80,222	5.7	1,413,804
Small Business 2008	345	98.6	5	1.4	350	52,785	95.9	2,266	4.1	55,051
Small Business 2009	220	97.8	5	2.2	225	30,897	96.3	1,181	3.7	32,078
Small Business YTD 2010	119	97.5	3	2.5	122	19,654	92.7	1,550	7.3	21,204
Total Small Business	684	98.1	13	1.9	697	103,336	95.4	4,997	4.6	108,333
Grand Total	5,702	95.4	278	4.6	5,980	1,436,918	94.4	85,219	5.6	1,522,137

SOURCE: 2008, 2009 and 2010 HMDA LARs and CRA Small Business Loan Registers

Home Loans

Table 3 shows that the Bank originated 5,018 home loans totaling \$1.3 billion in the assessment area during the review period. This represents 95.0 percent of the total number of home loans originated by the Bank and 94.3 percent by dollar volume.

The proportion of home loans in the assessment area showed an increase in 2009 compared to 2008. This increase was attributed, in part, to the low interest rates which resulted in an increase of refinancing loans.

Small Business Loans

Table 3 shows that the Bank originated 684 small business loans totaling \$103.3 million in the assessment area during the review period. This represents 98.1 percent of the total number of small business loans originated by the Bank and 95.4 percent by dollar volume. The proportion of small business lending in the assessment area has been consistent throughout the review period.

Geographic Distribution

The geographic distribution of loans was reviewed to assess how well the Bank is addressing the credit needs throughout the assessment area. Based on a review of the HMDA LARs and the CRA small business data, the overall geographic distribution of loans reflects a good penetration throughout the assessment area, particularly to low- and moderate-income geographies in the assessment area.

Home Loans

This criterion evaluates the distribution of the Bank's loans within the assessment area by census tract income level, with emphasis on lending in low- and moderate-income census tracts. As mentioned previously under the Description of Assessment Area, the Bank's assessment area comprises 50 census tracts: 2 (4.0 percent) low-income; 5 (10.0 percent) moderate-income; 35 (70.0 percent) middle-income; and 8 (16.0 percent) upper-income census tracts. The geographic distribution of Cape Cod 5's home mortgage loans throughout its assessment area is consistent with its lending capacity, its credit offerings, and the location of its branch offices.

Table 4 illustrates the geographic distribution of the Bank's 2008, 2009 and YTD 2010 residential mortgage lending within the assessment area by number. For comparison purposes, the table includes the percentage of owner-occupied housing units within each income category and the aggregate market lending data for 2008.

Please refer to the following table regarding the distribution of residential loans by census tract.

Table 4
Distribution of HMDA Loans by Census Tract Income

Loan Category	# of Bank Loans	Percent of Bank Loans				Percent of Aggregate Lending			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
2008									
Home Purchase	579	0.7	6.9	78.8	13.6	0.9	10.3	73.9	14.9
Refinance	546	0.2	3.8	83.9	12.1	0.4	8.0	74.2	17.4
Home Improvement	184	0.0	5.4	82.6	12.0	0.4	5.8	80.4	13.4
Total	1,309	0.4	5.4	81.4	12.8	0.6	8.7	74.4	16.3
2009									
Home Purchase	640	0.9	5.0	78.3	15.8				
Refinance	1,905	0.0	2.2	83.7	14.1				
Home Improvement	301	0.0	1.3	86.7	12.0				
Total	2,846	0.2	2.7	82.8	14.3				
YTD 2010									
Home Purchase	334	0.3	3.6	79.0	17.1				
Refinance	448	0.4	3.1	81.5	15.0				
Home Improvement	81	0.0	3.7	82.7	13.6				
Total	863	0.3	3.4	80.7	15.6				
Grand Total	5,018	0.3	3.5	82.1	14.1				
Demographics	#	Distribution of Housing							
		Low	Moderate	Middle	Upper				
Owner Occupied Units	73,783	0.4	5.2	78.2	16.2				

SOURCE: HMDA LARS for 2008, 2009, and 2010. HMDA Aggregate Data for 2008. Demographics from 2000 US Census Data

As the table shows, 0.4 percent of the Bank's HMDA loans in 2008 were originated within low-income census tracts. This is consistent with the percentage of owner-occupied housing units within these tracts (0.4 percent) and slightly below the performance of the aggregate lenders, as 0.6 percent of peer HMDA loans were originated within low-income tracts in 2008. Cape Cod 5 ranked fourth among all lenders in lending within low-income tracts in 2008, with five loans and a market share of 7.4 percent. The top three were JP Morgan Chase Bank with 11 loans and a market share of 16.2 percent, followed by Countrywide Bank with eight loans and a market share of 11.8 percent and Sovereign Bank with six loans and a market share of 8.8 percent.

Cape Cod 5 originated 5.4 percent of its HMDA-reportable loans within moderate-income tracts in 2008. This is slightly higher than the percentage of owner-occupied units within these tracts (5.2 percent) but is significantly lower than the performance of the aggregate lenders (8.7 percent). The Bank ranked third among all lenders within moderate-income tracts in 2008, with 71 loans and a market share of 6.9 percent. JP Morgan was the leader with 96 loans and a market share of 9.3 percent followed by Countrywide Bank with 81 loans and a market share of 7.9 percent.

A review of 2009 data finds that the Bank's performance remained relatively low as compared to demographic information. In 2009, the Bank originated six loans (0.2 percent in number of total HMDA loans) within a low-income tract and 78 loans (2.7 percent) within moderate-income tracts. Peer data is not yet available for comparison.

Small Business Loans

The distribution of the Bank's small business loans reflects a good dispersion throughout the assessment area, particularly within the low-income census tracts. Table 5 illustrates the geographic distribution of the Bank's small business loans within the assessment area, as well as the aggregate lending performance and the business demographics for 2008.

Table 5									
Distribution of Small Business Loans by Census Tract Income									
Year	# of Bank Loans	Percent of Bank Loans				Percent of Aggregate Lending			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
2008	345	9.3	4.0	77.7	9.0	6.1	8.2	70.1	15.6
2009	220	13.2	5.4	72.3	9.1				
YTD 2010	119	12.6	3.3	76.5	7.6				
Grand Total	684	11.1	4.4	75.7	8.8				
Demographics	#	Distribution of Businesses							
		Low	Moderate	Middle	Upper				
Businesses	24,561	7.9	9.1	68.4	14.6				
<i>SOURCE: 2008, 2009 and 2010 CRA Small Business Loan Registers, 2008 Peer Small Business Data and 2008 Business Geodemographic Data</i>									

In 2008, the Bank originated 9.3 percent of all small business loans in the low-income census tracts. This performance is significantly higher than the aggregate lending data at 6.1 percent and also exceeds the distribution of businesses in these tracts at 7.9 percent. The Bank's performance in low-income census tracts increased from 2008 to 2009. In 2009, 13.2 percent of the Bank's small business loans were within low-income tracts as compared to 9.3 percent in 2008. Market share reports show that Cape Cod 5 ranked seventh among all lenders for total applications in low-income census tracts. Cape Cod 5 originated 32 loan applications with 4.5 percent of market share. American Express ranked number 1 with 219 applications or 30.5 percent market share and TD Bank ranked second with 70 applications or 9.8 percent of market share.

In 2008, the Bank originated 4.0 percent of small business loans in the moderate-income census tracts. This was significantly below the aggregate lending of 8.2 percent. The Bank's performance in moderate-income tracts increased slightly, with the Bank originating 5.4 percent of its small business loans in moderate-income tracts in 2009 as compared to 4.0 percent in 2008. Market share reports show that Cape Cod 5 ranked 12th among all lenders for total applications in moderate-income census tracts. Cape Cod 5 originated 14 loan applications with 1.5 percent of market share. American Express ranked number 1 with 293 applications or 31.1 percent market share and Chase Bank USA ranked second with 146 applications or 15.5 percent of market share.

Some of the top lenders that ranked higher than Cape Cod 5 were credit card banks that originated numerous credit lines in small dollar amounts.

The Bank's small business lending in 2008 was most heavily concentrated in the middle-income census tracts. This distribution is consistent with the business demographics and the Bank's office locations.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The distribution of loans by borrower income and business revenue was reviewed to determine the extent to which the Bank is addressing the credit needs of the area's residents and small businesses. Based on the review of the HMDA LARs and the CRA Small Business Loan Registers, the Bank has achieved an excellent penetration of loans among retail customers of different income levels and businesses of different revenues.

Home Loans

The residential lending data was reviewed to assess how well the Bank is addressing the housing credit needs of the area's low-, moderate-, middle-, and upper-income residents. See Table 6 for information concerning the distribution of loans by borrower income.

Table 6 Distribution of HMDA Loans by Borrower Income (Excludes Borrowers for Which Income is Not Available)									
Loan Category	# of Bank Loans	Percent of Bank Loans				Percent of Aggregate Lending			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
2008									
Home Purchase	570	6.5	13.7	17.7	62.1	3.7	14.4	20.2	61.7
Refinance	507	6.3	17.6	28.4	47.7	4.0	15.9	23.9	56.2
Home Improvement	183	10.4	24.6	19.7	45.3	9.0	20.0	27.0	44.0
Total	1,260	7.0	16.8	22.3	53.9	4.2	15.6	22.7	57.5
2009									
Home Purchase	634	4.4	14.7	19.9	61.0				
Refinance	1,832	6.0	17.4	23.4	53.2				
Home Improvement	295	12.2	20.7	26.4	40.7				
Total	2,761	6.3	17.1	22.9	53.7				
YTD 2010									
Home Purchase	330	5.1	16.1	20.0	58.8				
Refinance	399	5.0	20.1	25.3	49.6				
Home Improvement	81	4.9	25.9	21.0	48.2				
Total	810	5.1	19.0	22.7	53.2				
Grand Total	4,831	6.3	17.3	22.7	53.7				
		Distribution of Families							
Demographics	#	Low	Moderate	Middle	Upper				
Families	61,313	17.3	19.4	24.0	39.3				

SOURCE: 2008, 2009 and 2010 HMDA LARS, 2008 HMDA Aggregate Data and Demographics from 2000 US Census Data

Table 6 shows that in 2008 the upper-income borrowers accounted for the highest share of loans in each of the loan categories and the highest single share of total loans. The percentage of loans to the upper-income borrowers was significantly higher than the percentage of upper-income families in the area. Middle-income borrowers accounted for the next highest percentage of total loans. The percentage of loans to the middle-income borrowers was slightly lower than the demographics. Moderate-income borrowers accounted for 16.8 percent of the loan volume, lower than the percentage of moderate-income families at 19.4 percent. Low-income borrowers accounted for the lowest share of total loans. The proportion of loans to low-income borrowers (7.0 percent) was far below the percentage of low-income families (17.3 percent) in the assessment area. However, the area's high housing costs limits the number of borrowers in this income category that can realistically qualify for home financing, particularly in the home purchase category. Furthermore, approximately 25 percent of the low-income families actually live below the poverty level.

The 2008 HMDA aggregate lending data in Table 6 was used for comparison purposes. The data shows that Cape Cod 5's distribution of loans by borrower income exceeded the aggregate when viewed in total.

The percentage of residential loans originated by the Bank to low-income borrowers (7.0 percent) during 2008 exceeded the percentage of loans reflected in the aggregate data (4.2 percent) for the same income category and time period. It is noted that lending to low-income borrowers was lower than the percentage of low-income families (17.3 percent) in the area. However, for a significant portion of these low-income families, qualifying for home mortgage loans is difficult, given the current economic environment. According to 2000 U.S. Census data, 25.0 percent of all households in the assessment area are below the poverty level and would have significant difficulty in seeking home financing. In addition, home purchase prices in the area undoubtedly present an obstacle in achieving homeownership for many low-income families.

Lending to moderate-income borrowers by the Bank (16.8 percent) exceeded the percentage of aggregate lending (15.6 percent) to the same borrower category for 2008. Although the Bank's percentage of loans exceed the aggregate data, it was below the percentage of moderate-income families (19.4 percent) residing in the assessment area.

Overall, the Bank's total number of home loan originations increased in 2009. The distribution of home loans among the borrower income categories was comparable to the prior year in that the upper- and middle-income borrowers accounted for the majority of the home loans. The Bank was consistent with its percentage of loans to low- and moderate-income borrowers but was lower than the percentage of low- and moderate-income families within the assessment area.

Cape Cod 5 has made positive efforts to address the credit needs of low- and moderate-income borrowers. The Bank originates loans through the MassHousing loan programs. MassHousing offers a variety of loan programs geared toward low- and moderate-income borrowers which feature competitive interest rates and flexible underwriting standards.

Small Business Loans

The Bank's small business lending was reviewed to assess how well the Bank is addressing the area's business credit needs. Refer to Table 7 for information concerning the distribution of small business loans to businesses with annual revenues of \$1 million or less.

Table 7 Distribution of Small Business Loans to Business with Revenues under \$1 million								
Year	Bank Loans				Percent of Aggregate Lending			
	#	%	\$	%	#	%	\$	%
2008	165	47.8	21,591	40.9	3,321	30.2	109,127	44.1
2009	120	54.5	11,373	36.8				
YTD 2010	53	44.5	4,916	25.0				
Grand Total	338	49.4	37,880	36.7				
	#	Business Revenue Size						
		Under \$1million	Over \$1million	Not Reported				
Demographics								
Businesses	24,561	69.3	4.0	26.7				
<i>SOURCE: 2008, 2009 and 2010 CRA Small Business Loan Registers, 2008 Peer Small Business Data and 2008 Business Geodemographic Data</i>								

As shown in Table 7, the Bank originated 165 small business loans to businesses with gross annual revenues of \$1 million or less in 2008. This percentage of loans (47.8 percent) is much lower than the percentage of businesses (69.3 percent) in that revenue category, but significantly higher than the aggregate percentage of 30.2 percent.

Additional analysis was conducted on small business loans, by dollar volume as a percentage, originated in 2008. The analysis revealed the Bank originated \$21.6 million or 40.9 percent of total small business loans in 2008 to businesses with GARs of \$1 million or less. The 40.9 percent is lower than the 2008 aggregate market data of 44.1 percent.

In 2009, the Bank originated 120 small business loans, or 54.5 percent by number, to businesses in its assessment area with GARs of \$1 million or less. By dollar volume, the Bank originated \$11 million in loans to businesses in its assessment area with GARs of \$1 million or less, representing 36.8 percent of total dollar volume. For YTD 2010, the Bank originated 53 loans or 44.5 percent in number and \$5 million or 25.0 percent for dollar volume.

The Bank has an excellent distribution of loans by loan size. Refer to Table 8 for specific information concerning the small business loans by loan amount.

Table 8								
Distribution of Business Loans by Loan Size (All loans \$1 million or less)								
Loan Size	Bank Loans				Aggregate Lending			
	#	%	\$ (000's)	%	#	%	\$ (000's)	%
2008								
Less than \$100,000	217	62.9	7,914	15.0	10,616	96.6	111,725	45.1
\$100,000 - \$250,000	55	15.9	10,059	19.1	191	1.7	33,418	13.5
Over \$250,000	73	21.2	34,812	65.9	191	1.7	102,399	41.4
Total	345	100	52,785	100.0	10,998	100.0	247,542	100.0
2009								
Less than \$100,000	140	63.6	5,674	18.3				
\$100,000 - \$250,000	47	21.4	7,869	25.5				
Over \$250,000	33	15.0	17,354	56.2				
Total	220	100.0	30,897	100.0				
YTD 2010								
Less than \$100,000	75	63.0	2,860	14.6				
\$100,000 - \$250,000	15	12.6	2,537	12.9				
Over \$250,000	29	24.4	14,257	72.5				
Total	119	100.0	19,654	100.0				
Grand Total	684	100.0	103,336	100.0				
<i>SOURCE: 2008, 2009 and 2010 CRA Small Business Loan Registers and 2008 Peer Small Business Data</i>								

As shown in Table 8 above, the Bank originated or renewed 345 small business loans during 2008. Approximately 62.9 percent of the small business loans were originated in amounts less than \$100,000. Demand for loans of smaller dollar amounts is typically higher among the area's smaller businesses.

Aggregate data for 2008 was used to evaluate the Bank's performance. The data shows that the aggregate had a significantly higher percentage of loans in amounts under \$100,000. The aggregate data, however, includes several large credit card lenders who originate and report a high volume of small dollar credit cards for business purposes. Cape Cod 5 does not offer a business credit card product, so its small business data generally does not compare well to aggregate in terms of the loan size comparison.

The number of loans originated decreased in 2009. However, the distribution of loans by loan amount remained relatively consistent with specific attention to loans in amounts under \$100,000. The overall decline in originations is attributed to the weakened economic conditions in the area. The Bank continues to place over half of its small business loans in amounts under \$100,000.

Community Development Lending

The Bank's community development lending activities are evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities have been made available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution has demonstrated in community development lending.

For the purpose of this evaluation, a community development loan is a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the Bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

Cape Cod 5 is considered a leader among banks of its asset size for providing community development loans. During this evaluation period, the Bank originated 5 community development loans in its assessment area totaling \$27.5 million. During the previous CRA evaluation period, the Bank originated 9 community development loans totaling \$17.6 million. Summarized in Table 9 is the Bank's community development lending activity:

Table 9 Community Development Loans						
Community Development Category	2008		2009		YTD 2010	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Affordable Housing for Low- and Moderate-Income	0	0	0	0	0	0
Community Services for Low- and Moderate-Income	4	26,528,233	1	1,000,000	0	0
Economic Development/Revitalize Low- and Moderate Income Census Tracts	0	0	0	0	0	0
Total	4	26,528,233	1	1,000,000	0	0

Source: Internal Bank Records

The following are examples of significant community development projects funded by the Bank.

On April 3, 2008, the Bank participated in a \$43 million bridge loan to a non-profit organization that owns and operates the only two emergency care hospitals on the Cape, located in a low-income census tract, which provides healthcare services to the population of Cape Cod, regardless of their ability to pay. This organization is also the Cape's largest employer. Cape Cod 5's portion of the loan was \$10 million. The funds were used to bridge financing to issuance of Massachusetts Health and Educational Facilities Authority (HEFA) 2008 Bond Series that was used to lower the overall cost of debt.

On June 18, 2008, Cape Cod 5 participated in a \$38.5 million participation agreement of which the Bank's portion was \$13 million. The funds are to be used as a line of credit by a non-profit organization that serves as the parent company of various entities providing healthcare services, regardless of ability to pay, to the population of Cape Cod.

On June 18, 2008, the Bank provided a \$2.5 million share of a \$10 million working capital line of credit to a non-profit organization that provides healthcare services to the population of Cape Cod regardless of their ability to pay.

December 23, 2008, a line of credit for \$1 million was provided to an organization that operates comprehensive residential, educational and treatment services for children who have coped with troubled histories, have experienced trauma and failed placements. The organization also helps young adults making the transition from residential care to more self-sufficiency and independent living. These young adults are primarily low- or moderate-income individuals.

June 17, 2009, the Bank provided a \$1 million line of credit to an organization whose funding is primarily from the Department of Public Welfare and the Department of Developmental Services. This organization provides the highest quality services and opportunities to people with disabilities to assist them in leading active lives. Some of the services provided are: employment assistance, supported living arrangements, life skills development, and transportation to and from their facilities. A majority of the individuals served by this organization are considered low- or moderate-income.

The Bank originated 9 additional community development purpose loans totaling approximately \$1.1 million inside the assessment area. The loans provided funding for local fishermen to finance a complete engine rebuild and other boat repairs, to replace and repair fishing gear, short term loans to support seasonal working capital, and revolving lines of credit. A \$500,000 loan was originated to a non-profit organization whose mission is to promote economic development by helping the Cape fishermen lease fishing permits at an affordable rate. These loans were reportable as a CRA small business loan and have, therefore, already received credit elsewhere in this evaluation. However, the volume of lending is mentioned here as the loans have nonetheless served a valuable economic community development purpose.

Innovative or Flexible Lending Practices

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: (1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and (2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

Cape Cod 5 uses innovative and/or flexible lending practices in order to serve the assessment area's credit needs. The Bank offers various special mortgage loan programs tailored to assist either lower-income people or first-time homebuyers in pursuing or maintaining home ownership. Additionally, the Bank offers Small Business Administration (SBA) loans to better meet the credit needs of the area's small businesses. Loans originated under these programs were reported on the Bank's HMDA LARs and CRA Small Business Loan Registers and have already received credit in the Lending Test. The programs are described here in order to highlight the innovative and flexible underwriting standards employed in the origination of loans for low- and moderate-income people and to businesses of different sizes. During the CRA evaluation period, the Bank originated 401 loans totaling \$90.2 million. Detailed below are some of the Bank's qualifying loan programs.

Home Loans

MassHousing Loans

Cape Cod 5 is a MassHousing approved lender. MassHousing is a quasi-public authority charged with increasing affordable home ownership opportunities. MassHousing loans offer affordable interest rates fixed for the life of the loan, 30 year repayment terms, low and no down-payment options, flexible underwriting and income limits, mortgage payment protection and no hidden fees or other surprises. MassHousing loans also include MassAdvantage Loans such as MassAdvantage Low, MassAdvantage First Step, and MassAdvantage 100, as well as Purchase and Rehab Loans. These loan programs are available for first-time homebuyers to take advantage of a 30 to 40 year, below market, fixed rate financing for the purchase of a home. Purchase and rehabilitation loans are for first time home buyers that are purchasing a home that needs major repairs. Borrowers may finance up to 97 percent of the sales price or the appraised value, whichever is less. During the review period, Cape Cod 5 originated 174 MassHousing program loans totaling \$35,318,172.

MyCommunity Loans

Loans under the MyCommunity Loan Program offer homebuyers and homeowners fewer eligibility restrictions and several loan options and are ideal for first-time homebuyers. This program allows for lower private mortgage insurance premiums, flexible underwriting guidelines, 100 percent and 97 percent loan-to-value programs, which means borrowers can have 0 and 3 percent downpayment programs. The Bank originated 109 loans totaling \$24,725,863.

Workforce Housing Loans

This loan program is for borrowers who are employed in Barnstable, Dukes, Nantucket or Plymouth Counties or are starting a job with an offer letter or contract. Co-borrowers may be salaried or self-employed and must have one year on the job. The property must be the primary residence, either a single family, qualified condominium or two-to-four family home but must be located in one of the 15 towns of Cape Cod, Martha's Vineyard or Nantucket Island. Construction loans are available on an exception basis.

Total income cannot exceed 135% of area median income of the town where the property is located. Borrowers may finance 100 percent for up to 35 years. Borrowers are required to attend a homebuyer education class and a certificate is required prior to closing. During the review period, the Bank made 51 loans totaling \$12,125,749.

Affordable Housing Loans

The affordable housing loan programs are for first time homebuyers, individuals who have not owned a home for three years, a displaced spouse who has owned a home within the past three years, or a person who is 65 years or older. The property must be the primary home and may be a single family detached home, qualified condominium, construction, "fix-er-upper" or a duplex. No income limitations or area median income limits may apply. During the evaluation period, the Bank originated 33 loans totaling \$7,156,113.

Guaranteed Rural Housing Loans

This loan program is geared towards homebuyers who live in rural areas and have little or no money to put down. The program offers flexible, common sense underwriting guidelines, relaxed credit requirements, no private mortgage insurance options, the ability to finance closing costs in the loan amount, lenient seller concessions and rates that are comparable to, if not better than, conventional fixed rate mortgage programs. The Bank made 33 loans totaling \$7,168,358 during the review period.

Loan Modifications

The Bank offered loan modifications for residential loans to help their customers avoid foreclosure and retain their home ownership. During the examination period, the Bank made 44 loan modifications for residential loans.

Small Business Loans

SBA Loan Programs

The Bank also offers loan programs through the SBA, including the SBA 504 and SBA 7A, and the SBA Low Doc programs. These programs offer financing for qualified businesses that may not be eligible for traditional bank financing. Cape Cod 5 originated 38 SBA loans totaling \$13 million during the evaluation program through the 7(a) and 504 loan programs.

INVESTMENT TEST

Qualified Investments

A qualified investment for the purposes of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment areas or a broader statewide or regional area that includes the institution's assessment areas. Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

The Bank's qualified community development investments, donations and contributions reflect a good responsiveness to credit and community development needs given the extent to which such opportunities are available within the assessment area. The Bank has taken a leadership role in making investments and donations within its assessment area. During the evaluation period the Bank's equity investments and charitable donations total \$4,192,076. This figure includes the current book value of existing qualified investments and grants made to qualified organizations during the time period of the examination.

Qualified bonds and equity investments total \$3,501,107 which represents 0.2 percent of total assets and 0.7 percent of the Bank's total investments of \$496,329,000 as of June 30, 2010. There have been two new investments since the last examination. Listed below are the Bank's qualified investments.

Federal National Mortgage Association (FNMA) Mortgage Backed Securities

During the timeframe covered by the evaluation, the Bank purchased two mortgage backed securities totaling \$3,501,107. On September 19, 2009, the Bank purchased mortgage backed securities with a book value of \$2,241,295. On September 14, 2010, the Bank purchased mortgage backed securities with a book value of \$1,259,812. Both securities are backed by mortgages located within the Bank's assessment area to low- and moderate-income borrowers.

Charitable Contributions

The Bank's donations are made through the Bank and the Bank's Charitable Foundation. The Cape Cod Five Cents Savings Bank Charitable Foundation Trust (the "Foundation") was founded in 1998, and is committed to serving the needs of the Cape Cod community. This private foundation is funded by the Bank. The Foundation awards grants to local

non-profit organizations for the purpose of supporting specific programs, projects and services that provide health services, culture and art, human need, including economic development, youth and educational services, conservation and environment and elderly services.

The total amount of qualified CRA contributions made by the Bank and the Foundation from June 12, 2007 through September 20, 2010 was \$690,969 representing 29.4 percent of the Bank's and Foundation's total contribution of \$2,349,814.

During the evaluation period, qualified CRA donations totaled \$690,969. Individual year totals are as follows: 2007 (\$130,935), 2008 (\$223,323), 2009 (\$210,481), and YTD 2010 (\$126,230), representing 1.7 percent, 1.5 percent, 1.6 percent and 1.3 percent of net operating income (NOI), respectively, as noted in the table below.

Table 10 Community Development Grants and Donations 3Q2007 through YTD2010					
	3Q2007	2008	2009	YTD2010	Total
The Cape Cod Five Cents Savings Bank	35,000	86,923	132,161	42,500	296,584
The Cape Cod Five Cents Savings Charitable Foundation Trust	95,935	136,400	78,320	83,730	394,385
Total	130,935	223,323	210,481	126,230	690,969
Pre-tax Net Operating Income (NOI)	7,928,000	14,482,000	13,422,000	9,395,000	45,227,000
Donations/Pre-Tax NOI	1.7%	1.5%	1.6%	1.3%	1.5%
Number of Organization Benefiting from Donations	24	48	54	25	151

Source: Internal Bank Records

The \$690,969 in donations provided by the Bank and the Foundation represents an increase over the prior evaluation period, when the Bank made donations totaling \$469,274. The following table details the Bank's community development donations by category within the assessment area.

Table 11 Community Development Grants and Donations by Category										
Community Development Category	3Q2007		2008		2009		YTD 2010		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	0	0	3	22,500	7	41,500	0	0	10	64,000
Community Services	6	35,000	14	61,823	25	88,661	6	41,500	51	226,984
Economic Development/Revitalization	0	0	3	2,600	1	2,000	1	1,000	5	5,600
Total	6	35,000	20	86,923	33	132,161	7	42,500	66	296,584

Source: Internal Bank Records

The following table details the Foundation's community development donations by category within the assessment area.

Table 12 Community Development Grants and Donations by Category										
Community Development Category	3Q2007		2008		2009		YTD 2010		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	2	25,000	2	13,000	2	3,500	6	19,540	12	61,040
Community Services	16	70,935	26	123,400	19	74,820	10	40,690	71	309,845
Economic Development/Revitalization	0	0	0	0	0	0	2	23,500	2	23,500
Total	18	95,935	28	136,400	21	78,320	18	83,730	85	394,385

Source: Internal Bank Records

Some of the following organizations that the Bank and the Bank's Foundation made qualified grants or donations to are listed below:

Harwich Ecumenical Council for the Homeless (HECH) - HECH began housing homeless families in 1991 and over the years has developed programs in homeless prevention, mortgage foreclosure prevention, child care and youth counseling.

Lower Cape Outreach Council – The mission of this organization is to provide emergency assistance of food, clothing and financial support to individuals and families which will lead to healthy, productive and self-sustaining lives.

Community Action Committee of Cape Cod and Islands, Inc. (CACCI) – CACCI achieves its mission through a variety of programs and services designed to help low- and moderate-income families and individuals manage their limited budgets and provide opportunities to achieve economic self-sufficiency.

Helping our Women (HOW) – HOW is a resource center for women with chronic, life threatening and/or disabling illness. Financial assistance is provided to low-income clients in the form of monthly stipends that may be used for medical, mental health and dental services or prescriptions. Financial assistance may also be used for utilities such as heat and electricity.

Cape Cod Times Needy Fund – The mission of this organization is to help local families and individuals pay for food, rent, mortgage payments, utility and heating bills, medical cost and other basic expenses.

We Can – This non-profit organization provides a supportive environment in which low- and middle-income women can find the assistance they need to improve their lives.

Recovery Without Walls – This non-profit organization is entirely dependent on contributions and volunteers who provide safety, support and structure to women following treatment for substance abuse. The organization also provides financial assistance with rent, medication, legal fees as well as job placement and educational opportunities. A majority of the clients served by this organization are low- and moderate-income.

Falmouth Service Center (FCS) – FCS is a non-profit agency whose mission is to support and improve the lives of families and individuals. A major component of their program is a food pantry that residents may visit every 21 days. In addition, financial assistance is provided in emergency situations for needs related to housing and utilities, fuel assistance, meals delivered to homes, and clothing.

Responsiveness to Credit and Community Development Needs

The Bank's qualified investments and grants exhibit a good responsiveness to the area's credit and community development needs. The investments in mortgage backed securities and contributions to local charitable and social service organizations demonstrate a commitment to the local area's welfare.

Community Development Initiatives

Cape Cod 5 has shown a willingness to invest in innovative or complex investments to support community development initiatives. Most of the qualified investments, however, were of the common variety made by financial institutions and other investors.

SERVICE TEST

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

Distribution of Branches

Cape Cod 5's service delivery systems are readily accessible throughout its assessment area. The Bank's corporate headquarters is located in Harwichport, a middle-income census tract. The Bank currently operates 13 full-service branches located in the towns of Brewster, Centerville, Chatham, East Harwich, Eastham, Falmouth, Hyannis, Mashpee, Orleans, Sandwich, South Dennis, South Yarmouth and Wellfleet. The Bank also has an operations center located in Orleans.

As the data shows in Table 13, all of the branches are located in middle-income census tracts. In addition to having ATMs at each branch office, the Bank has one off-site ATM machine, located at Cape Cod Regional Technical High School in Harwich. Of the 17 ATMs, 11 are linked to the SUM network providing customers with free ATM access.

Table 13						
Distribution of Branches and ATMs						
Census Tract Income	% of Tracts	% of Population	Branches		ATMs	
			#	%	#	%
Low	4.0	1.6	0	0.0	0	0.0
Moderate	10.0	7.2	0	0.0	0	0.0
Middle	70.0	76.2	14	100.0	17	100.00
Upper	16.0	15.0	0	0	0	0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Internal Bank Records

Record of Opening and Closing Branches

To the extent changes have been made, the institution's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

The Bank opened one branch office since the prior CRA evaluation. In April 2008, the Bank opened a branch located at 688 Main Street, South Dennis, a middle income census tract.

The Bank closed three high school branches during the CRA evaluation. On October 26, 2009, the Bank closed the branches located at the Dennis-Yarmouth Regional High School in South Yarmouth and Barnstable High School in Hyannis. On December 31, 2009, the Bank closed the branch located at Cape Cod Regional Technical School in Harwich. To mitigate the impact of the closure of these branches, the Bank expanded its outreach in the high schools by establishing the Cape Cod Five Financial Education Program for Youth and Young Adults. Please refer to the Educational Seminars section of this evaluation for additional information regarding this outreach program.

The Bank maintains a Branch Office Opening and Closing policy. The policy details the procedure the Bank will follow before opening and closing a branch office.

Retail Banking Services

Services, including business hours, are tailored to the convenience and needs of the assessment area, particularly the low- and moderate-income geographies and individuals. Branch hours are convenient and comparable to other institutions, and bank services are more than sufficient to meet the needs of the assessment area. All of the Bank's branches are open on Saturday.

The Bank offers a variety of financial services through its branch network designed to meet the credit needs of its communities. Deposit services include checking and savings accounts, money market accounts, certificates of deposit, and individual retirement accounts.

The Bank also offers a variety of loan products. These include a variety of home mortgage programs with competitive rates and flexible terms such as affordable housing programs, first time homebuyer programs, fixed rate mortgages, adjustable rate mortgages, land and construction loans, blanket mortgages, jumbo loans, reverse mortgages, home equity lines of credit, home equity loans, auto loans, personal loans, septic loans, boat loans, collateral loans and overdraft line of credit.

Alternative Delivery Systems

Automated teller machines (ATMs) and drive-ups are available at each of the Bank's office locations. The Bank also has one free standing ATM machine, which is a cash dispensing machine, located at the Cape Cod Regional Technical High School in Harwich.

Cape Cod 5 offers internet banking at its website www.capecodfive.com. This is a free service that enables customers to see balances and activity for all deposit and loan accounts, receive email alerts telling when a check or deposit clears, an account goes over or under pre-selected balances or a CD is maturing. Customers can also reconcile balances, receive eStatements, arrange stop payment of checks online and create and print reports of account transactions.

The Bank also offers "Cape Cod 5 Billpay" at no charge. This online bill paying allows customers to pay bills from anywhere. Customers can use it to make one time payments, schedule future payments, update payment schedules, track payments, receive payment confirmation and receive and schedule email alerts.

Business Banking Services

Cape Cod 5 offers a full range of financial solutions tailored to fit all business needs. These include a comprehensive package of financial services including: business checking, small business checking, business statement savings, business money market, certificates of deposit, retirement plans, trust services and investment services. Business services include online banking, automated clearing house (ACH) origination, 24 hour telephone banking, electronic bill pay, sweep accounts, remote deposit and

wire transfers. Business loans include commercial mortgages, construction loans, seasonal working capital/lines of credit, term loans, letters of credit, and SBA loans. The Bank also offers Simplified Employee Pension and Savings Incentive Match Plan, so businesses can help employees save for their retirements.

The Bank also offers checking accounts to qualified non-profit organizations which have 501(C) status. The Bank offers two special checking accounts, non-profit plan checking and non-profit analysis checking which include checks, deposits, incoming and outgoing wires, eBusiness banking and returned deposited items.

Government Banking Services

The Bank offers a range of accounts to serve municipal banking needs. Some of the services offered: trust and escrow manager account, government investment checking, government money market, government interest checking, government checking and certificates of deposits.

The Bank also offers financial advisory services to Massachusetts municipalities. Some of the services are: reviewing borrowing options and related market conditions; developing an official statement requiring financial, geographical and historical information as well as a description of the bonds and the details of the sale; coordination of the sale of bonds with Bond Counsel, appropriate municipal officials, a bond printer, a rating agency and prospective purchasers.

Internet cash management (e-Cash Management) provides a complete array of cash management services required by municipalities. Some of the services are: ACH collections and payments, the upload of direct deposit files to other financial institutions, assignment of multiple users while maintaining control of each user's access rights and reviewing balances and account activity.

Other Banking Services

Mutual funds, annuities, individual stocks and bonds and life insurance are available through the Bank's Investment Services. These investment products are offered through Infinex Investments, Inc.

Cape Cod Five Trust and Asset management offers its clients fully integrated solutions that take advantage of the Bank's expertise in investment management, financial planning, retirement planning, philanthropic planning, estate planning and trust and fiduciary services.

Community Development Services

Cape Cod 5 is a leader among bank's of its asset size in providing community development services. These community development services have resulted in a better educated community, increased awareness of community needs, and contributed to improving the communities served. The Bank offers services to low- and moderate-income residents within the assessment areas and provided technical assistance to organizations with a community development purpose.

Below are some examples of activities conducted and organizations that employees were involved in during the evaluation period. All of the services meet the definition of community development and also relate to the provision of financial services as required by the regulation for consideration under CRA.

Town of Chatham Affordable Housing Committee - The mission of this organization is to build, maintain and administer affordable community housing to residents, with particular attention to the elderly, disabled, and families. The Bank's Vice President of Mortgage Lending is a Board member.

Habitat for Humanity of Cape Cod - This organization helps low-income individuals achieve the goal of affordable home ownership. The Bank's Vice President of Commercial Lending and the Vice President of Consumer Lending are members of the Credit Review Committee. The Senior Vice President of Cash Management is a Board Member.

Harwich Ecumenical Council for the Homeless, Inc. - This organization has developed programs in homelessness prevention, mortgage foreclosure prevention, child care, and youth counseling. The Bank's Director of Commercial Lending is the Executive Director and Director of Housing.

Lower Cape Cod Community Development Corporation - This organization exists to promote a vibrant and diverse community on the lower Cape by addressing housing needs and encouraging small business development and job growth. The Bank's Investment Officer has served as Director and Treasurer. The Bank's Vice President of Commercial Lending is the Board President.

Cape Cod Economic Development Corporation Inc. - This organization focuses on improving workforce skills, supporting traditional and emerging industries, and improving regional infrastructure, all conducive to enabling economic development on Cape Cod. The Bank's Vice President of Planning and Business Development is a Board Member.

Massachusetts Housing Finance Agency - This organization is the state's affordable housing bank that supports the creation, preservation and long-term viability of affordable homeownership and rental housing opportunities for Massachusetts residents with modest incomes. The Senior Vice President of Residential Lending is a member of the Board of Directors.

South Eastern Economic Development (SEED) - This Corporation focuses on job creation by financing all types of small businesses in Massachusetts and Rhode Island. The Bank's Executive Vice President of Lending was a Director and Assistant Treasurer.

Educational Services and Seminars

Bank officers and employees have participated in seminars and other events sponsored by the Bank during the evaluation period. These events provide opportunities for Bank representatives to inform those in attendance about the products and services offered by the Bank and to gain information about unmet credit needs in the assessment area.

During the evaluation period the Bank sponsored two South Eastern Economic Development (SEED) Entrepreneurial Workshops. Topics included: understanding financial statements, what financial statements can and cannot do, determining your personal cash flow needs, business start-up fundamentals, assessing personal and business needs, the importance of a business plans and understanding business plan components.

During the examination period, the Bank sponsored 15 first-time homebuyer seminars. Topics included: the role of budgeting and credit in the home buying process; developing a budget, budgeting as a renter versus budgeting as a homeowner, the importance of good credit, signs of credit problems, pre-qualification versus pre-approval with a lender, different loan programs, selecting a real estate broker, home inspection, and subprime and predatory lending.

The Bank hosted a “Train the Trainer” seminar presented by the FDIC. The seminar focused on providing presentation techniques to those individuals in the financial and social service agencies that are engaged in presenting the FDIC “Money Smart” financial literacy program to agencies contemplating its use.

In 2008, the Bank participated in a MassHousing Foreclosure Prevention Program. The program is for victims of predatory lending who are now facing the prospect of foreclosure. Topics included: what is a foreclosure prevention program, steps to apply to the program, borrower eligibility, program parameters, structuring finances, underwriting checklist, participating counseling agencies, and processing a foreclosure prevention loan.

In 2009, Cape Cod 5 sponsored a workshop series, in partnership with Coastal Community Capital, on an SBA Fee-Relief and Low Interest Rate Loans Seminar. The workshop provided free entrepreneurial support to small businesses. Coastal Community Capital, in partnership with the U.S. Small Business Administration (SBA), is able to provide loans that can waive fees, resulting in savings up to 3 percent of the loan amount to small businesses. The workshops taught the options that are available to small businesses.

In 2010, the Bank, in partnership with Elder Services of Cape Cod and the Islands, presented four “Financial Exploitation of Seniors” Seminars. Topics included: protecting “yourself” from financial exploitation involving fraud and deceit, what to look for and how to react when financial exploitation is suspected or occurs, what the latest scams are, how to react to scams and how to report them, discover ways to protect yourself and your money. All in attendance received two comprehensive planning booklets and an audio CD with helpful guidelines and resources.

In 2010, the Bank formed “The Cape Cod Five Financial Education Program for Youth and Young Adults,” dedicated to improving the financial literacy of Cape Cod’s youth and young adults from kindergarten through college. Their goal is to teach students how to create a lifetime of successful financial habits.

- Barnstable Intermediate School: The Bank conducted a basic personal finance seminar. Topics included: a brief history of banking, what gives money its value, the importance of saving, taking a financial inventory, needs versus wants, and making change without a calculator.
- Wixon Middle School in Dennis: Conducted a personal financial class for an after school class. Topics included: budgeting, how to save and financial aid options.
- Dennis-Yarmouth Regional School District: In participation with the American Bankers Association, Cape Cod 5 sponsored a “Teach Children to Save Day.” Eighth grade students were surveyed to determine their level of understanding of basic personal finances. Volunteers delivered an age appropriate interactive lesson on savings to all grades 4 through 8 classrooms in the school district.
- Cape Cod Regional Technical High School: A class was taught to all senior high school students on the responsible use of credit, the new Credit Card Act, the consequences of making only minimum payments and the true cost of credit. All students did a credit card comparison.

Other Community Development Services

The Bank participates in the Interest on Lawyers’ Trust Accounts (IOLTA). Interest earned on the account is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients. The Bank contributed \$229,319 in interest for the third and fourth quarters of 2007, \$192,631 for 2008, \$144,949 for 2009, and as end of the third quarter (September 30, 2010), the Bank contributed \$108,068, for a total of \$674,967.

The Bank participates in the Massachusetts Community and Banking Council’s (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

In 2008 and 2009, a Special Achievement Award from MassHousing was given to the Bank for being the “Top Producer” of first mortgages in Barnstable County under the MassHousing Mortgage Lending Program. MassHousing’s mission is to provide affordable home mortgage financing for low- and moderate-income homebuyers as well as the construction and protection of affordable rental housing in the Commonwealth.

RESPONSE TO CRA COMPLAINTS

A review of FDIC records, as well as the Public File maintained by the Bank pursuant to the Community Reinvestment Act, disclosed no complaints relating to the Bank's CRA performance.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Bank's compliance with the laws relating to discrimination and other illegal credit practices were reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act.

APPENDIX A

Fair Lending Policies and Practices

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

The Bank has a written Fair Lending Policy. The Bank proactively and affirmatively supports the fair lending process through fair, but flexible lending policies.

The Bank provides ongoing educational opportunities to employees, members of the Board and management on fair lending regulations and cultural diversity.

The Bank employs a second review process. All residential loans being recommended for denial are reviewed by the Equal Opportunity Review Committee. The Equal Opportunity Review Committee consists of the President and CEO, Senior Commercial Lender, CFO, and COO, or their designees. Two members of the committee will review all denied applications and make a final decision.

The Bank makes exceptions to the loan policy. All policy exceptions must be approved by the next senior lending authority or the Loan Committee and must be in writing. All exceptions must be documented and placed in the credit file. All exceptions are tracked by the Credit Committee and are provided to the Loan Committee and the Board of Trustees on a quarterly basis for review.

MINORITY APPLICATION FLOW

The Bank's LARs for 2008 and 2009 were reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the assessment area's demographics.

According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 222,230 individuals of which 6.6 percent are minorities. The assessment area's minority and ethnic population is 1.7 percent Black/African American, 0.6 percent Asian, 0.5 percent American Indian, 1.4 percent Hispanic or Latino and 2.4 percent other.

For 2008 and 2009, the Bank received 4,614 HMDA reportable loan applications from within its assessment area. Of these applications, 79 or 1.7 percent were received from minority applicants, of which 65 or 82.3 percent resulted in originations. The Bank also received 46 applications from ethnic groups of Hispanic origin within its assessment area of which 41 or 89.1 percent were originated.

The Bank's level of lending was compared with that of the aggregate's lending performance levels for the most recent year that data was available, the year 2008. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

MINORITY APPLICATION FLOW								
RACE	Bank 2008		2008 Aggregate Data		Bank 2009		Bank TOTAL	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	5	0.3	49	0.3	4	0.1	9	0.2
<i>Asian</i>	4	0.3	74	0.5	13	0.4	21	0.4
<i>Black/ African American</i>	6	0.4	138	0.8	18	0.6	24	0.5
<i>Hawaiian/Pac Isl.</i>	0	0.0	10	0.1	0	0.0	0	0.0
<i>2 or more Minority</i>	0	0.0	10	0.1	0	0	0	0.0
<i>Joint Race (White/Minority)</i>	12	0.8	100	0.6	17	0.5	29	0.6
Total Minority	27	1.8	381	2.4	52	1.6	79	1.7
<i>White</i>	1,217	83.3	11,754	72.6	2,668	84.6	3,885	84.2
<i>Race Not Available</i>	218	14.9	4,050	25.0	432	13.7	650	14.1
Total	1,462	100	16,185	100	3,152	100	4,614	100
ETHNICITY								
<i>Hispanic or Latino</i>	2	0.1	200	1.2	11	0.3	13	0.3
<i>Not Hispanic or Latino</i>	1,231	84.2	11,844	73.2	2,694	85.5	3,925	85.1
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	11	0.8	81	0.5	22	0.7	33	0.7
<i>Ethnicity Not Available</i>	218	14.9	4,060	25.1	425	13.5	643	13.9
Total	1,462	100	16,185	100	3,152	100	4,614	100

Source: US Census, 2008 and 2009 HMDA LAR, 2008 HMDA Aggregate Data

The Bank's performance was below the 2008 aggregate's performance level for both minority and ethnicity. The Bank received 1.8 percent for minorities while the aggregate was 2.4 percent. The Bank's percentage of Hispanic applications was 0.9 percent while the aggregate was 1.7 percent.

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is deemed to be adequate.

APPENDIX B
Loss of Affordable Housing – Massachusetts Division of Banks

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

Cape Cod 5's development of credit products with flexible lending criteria, participation in flexible lending programs, community development lending, and lending to low- and moderate-income borrowers has assisted low- and moderate-income individuals to remain in their neighborhoods.

APPENDIX C

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

APPENDIX D

Investment Definitions

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the Bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific

percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

APPENDIX E

Standard Public Evaluation Language

LENDING TEST

Scope of Test

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Community Development Lending:

Performance Criteria

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

Innovative and Flexible Lending Practices:

Performance Criteria

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

INVESTMENT TEST

Scope of Test

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

SERVICE TEST

Scope of Test

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 532 Main Street, Harwichport, MA 02646".

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.